

Scarcity	Condition where unlimited wants exceed limited resources, basic problem in all economics
Opportunity cost	The next best alternative given up when a choice is made due to scarcity
Normative Economics	The study of what SHOULD or COULD be done with economic decisions
Positive Economics	The study of what IS or IS LIKELY using actual economic data, informs policy decisions
Macroeconomics	Study of larger data sets inside of economics like national or international
Microeconomics	Study of individual markets, firms, or people's economic decisions on a small scale
Rational Decision Making	Economic decisions made after carefully weighing marginal costs and benefits
Economic Models	Approximations of real-life situations that hold certain variables constant, often refers to graphs
Ceteris Paribus	"All else equal", allows economist to focus on one variable by holding all other variables constant
Marginal Thinking	Analyzing costs and benefits on a case by case basis rather than in aggregate form
Factors of Production	General term for the list of resources or materials needed to produce goods and services
Land/Natural Resources	Renewable resources, such as trees, property, animals, etc that are required to produce goods
Labor/Human Resources	The economic term used to describe people's talents and skills used in the production process
Capital Resources	Economic term that is used to describe machines, factories, or tools used in production
Entrepreneurship	The person/group responsible for organizing productive resources to produce a good/service
Market Economy	Economic system that answers the three basic questions solely through interactions of buyers and sellers
Command Economy	Economic system where the government dictates the answers to the three basic questions